



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

Internal Audit Section

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February 26, 2007

Herman Noah, Executive Director
Youth and Family Center
2929 North 20th Street
St. Louis, MO 63107

RE: Desk Review of Youth Enrichment Program, CFDA #14.218 (Project #2008-CDA3)

Dear Mr. Noah:

We have conducted a desk review of the Youth Enrichment Program (Contract #06-11-50 for \$12,500 & #07-11-50 for \$25,000) of the Youth and Family Center (Agency), a not-for-profit organization, for the period January 1, 2006 through June 30, 2007. The scope of a desk review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of the Agency. A desk review does not entail a field visit to the Agency.

Our desk review was completed on July 20, 2007. The objective of the program is to provide structured organized activities to at-risk youth ranging in age from 5 to 14 years and expand the technology center in an effort to bridge existing technology gaps.

Opportunity exists for the Agency to comply with the OMB Circular A-133 compliance requirements and general provisions of its contract with the Community Development Administration (CDA). Management's response to the observation noted in this report was received on January 9, 2008 and has been incorporated into the report.

The following is the observation resulting from our review:

Opportunity to segregate duties – Good management practices require sub-recipients to maintain internal control to ensure:

- Reliability of financial reporting
- Effectiveness and efficiency of financial operations
- Compliance with applicable laws and regulations

Segregation of duties is an important component of internal control. Internal Audit Section noted that the same accountant performed several incompatible duties such as custody of

assets, recording of transactions and bank reconciliations. Different individuals should perform these functions. Lack of adequate segregation of duties may lead to, the following:

- Misappropriation of assets
- Misstated financial statements
- Inaccurate financial documentation (i.e., errors and irregularities)
- Improper use of funds or modification of data could go undetected

Recommendation – We recommend the Agency segregate the duties so that one person should not be able to accept cash, record deposits for banking, make the bank deposits and reconcile the account.


Management Response -During the site visit, Mr. Gary Finch, Internal Auditor, met with our staff accountant (Steven Craig) to conduct this procedure. During this review, Mr. Finch had opportunity to briefly meet with our independent, outside consultant (Ernst Abel, Dran Enterprizes, Inc.) to address some financial (banking) issues that he exclusively handles.

Mr. Abel's company is contracted by The Youth and Family Center to do all bank reconciliations, monitor/review financial transactions and prepare all quarterly payroll/annual tax reports. Mr. Abel visits The Youth and Family Center every week in order to perform a site review of financial transactions.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with CDA to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact Ishmael Ikpeama at (314) 589-6113.

Respectfully,


Sedrick D. Blake, MBA, CPA
Audit/Fiscal Executive

cc: Lorna Alexander, Special Assistant for Development, CDA